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Nebraska's Agricultural Land Markets: Dynamic and Diverse

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Market Report	Yr Ago	4 Wks Ago	3/17/06
Livestock and Products, Weekly Average			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight	$91.34	$87.96	$85.49
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb	136.24	139.97	135.36
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb	114.78	112.76	102.94
Choice Boxed Beef, 600-750 lb. Carcass	156.72	148.45	145.11
Western Corn Belt Base Hog Price Carcass, Negotiated	67.17	61.79	55.33
Feeder Pigs, National Direct 45 lbs, FOB	69.10	56.14	54.13
Pork Carcass Cutout, 185 lb. Carcass, 51-52% Lean	70.30	62.19	61.46
Slaughter Lambs, Ch. & Pr., 90-160 lbs., Shorn, Midwest	110.00	79.00	75.00
National Carcass Lamb Cutout, FOB	273.44	217.26	212.98
Crops, Daily Spot Prices			
Wheat, No. 1, H.W. Imperial, bu	3.48	4.00	3.76
Corn, No. 2, Yellow Omaha, bu	1.85	1.97	1.82
Soybeans, No. 1, Yellow Omaha, bu	5.90	5.62	5.32
Grain Sorghum, No. 2, Yellow Columbus, cwt	2.77	2.89	2.63
Oats, No. 2, Heavy Minneapolis, MN , bu	1.82	2.05	1.94
Hay			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton	115.00	130.00	130.00
Alfalfa, Large Rounds, Good Platte Valley, ton	62.50	65.00	65.00
Grass Hay, Large Rounds, Good Northeast Nebraska, ton	57.50	52.50	55.00
* No market.			

Preliminary results for the 2006 University of Nebraska–Lincoln Nebraska Farm Real Estate Market Developments Survey show patterns of change and contrast. Overall, the average per-acre value of Nebraska farmland climbed 9.6 percent during the year ending February 1, 2006 (Figure 1 and Table 1). However, based on these preliminary findings, the annual changes across regions and types of land varied widely.

By sub-state region, the Northeast District experienced the largest value increases, with the all-land average rising nearly 16 percent for the 12-month period; while the South District experienced a 4 percent decline. In Northeast Nebraska, the combination of several years of relatively favorable weather patterns and the positive farm income effect of a more diverse crop and livestock economy has, no doubt, fueled a spirited bidding environment for land. In Southern Nebraska, the Republican River water controversy with Kansas has created uncertainty over both immediate and long-term water availability, which, in turn, appears to be the primary explanation of recent cropland value declines. Clearly, water and its availability is becoming a critical variable in many local land markets around the state.

In addition to Northeast Nebraska, the southeast part of the state also showed sizable value increases across the land classes, averaging nearly 13 percent in the preliminary estimates. This occurred even though some drought effects were evident in the 2005 crop season, and has continued to intensify into 2006. In this area, as well as Eastern Nebraska, demand for land coming on the market is robust, with both active farmer-buyers and non-farm investor buyers present.

By type of land, grazing land values were up across the state, as a strong cattle economy continues into early 2006. Even in the South District, grazing land values rose, albeit the smallest increases of the sub-state areas. These large percentage gains in grazing land values over the past 12 months are similar to those being observed in other states.

For the dryland cropland class with irrigation potential, interesting regional differences were observed over the past year. In those regions most directly impacted by irrigation water restrictions - the Northwest, Southwest and South Districts - values were stable to lower. Some reporters even indicated that this class of land no longer exists in their markets due to moratoriums on further development. In contrast, for the other regions not yet subject to water restrictions and well moratoriums, this class of land usually showed strong percentage gains over the past 12 months. Apparently, there may be conditions where premiums for this type of land are being paid to acquire and develop it for irrigation, before it too would be subject to water restrictions.

Preliminary estimates of 2006 cash rental rates show mixed movements relative to year-earlier levels. Cropland rents are up somewhat in the eastern parts of the state, while some modest declines are evident in the water stressed areas of the south and southwest. Given significant jumps in crop input expenses in recent months, some softness in cropland rents was expected across the board. However, strong demand for rental land in most local rental markets kept this from occurring.

Pasture rents are reportedly up in 2006, if not on a per-acre basis, then on an animal-unit-month basis.

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Figure 1. Average Value of Nebraska Farmland, February 1, 2006 and Percent Change from a Year Ago. (Preliminary)

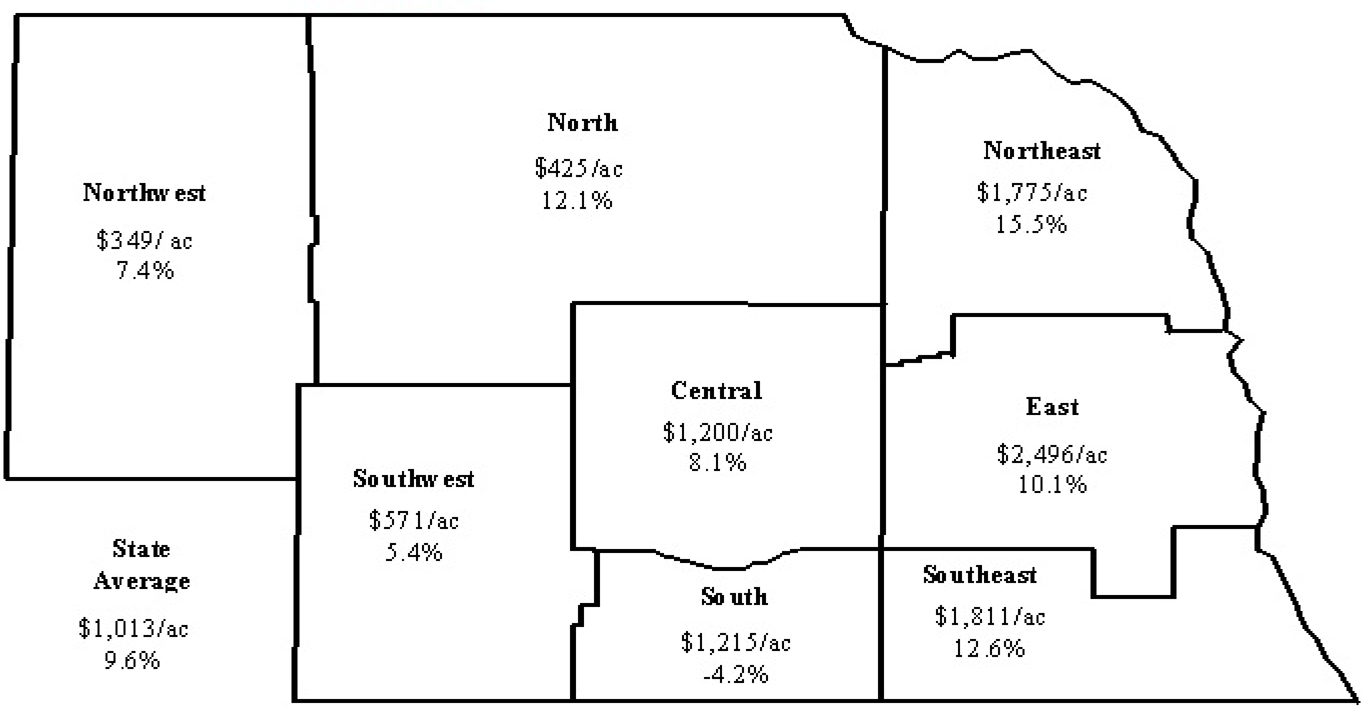

Table 1. Average Reported Value of Nebraska Farmland for Different Types of Land by Agricultural Statistics District, February 1, 2005 - February 1, 2006.[a] (Preliminary)

Type of Land and Year	Agricultural Statistics District								
	Northwest	North	Northeast	Central	East	Southwest	South	Southeast	State[c]
	- Dollars Per Acre -								
Dryland Cropland (No Irrigation Potential)									
Rptd. in 2006	348	483	1,641	933	2,276	519	875	1,563	1,088
Rptd. in 2005	330	447	1,382	847	2,024	495	864	1,396	973
% Change	5.5	8.1	18.7	10.1	12.5	4.8	1.3	12.0	11.8
Dryland Cropland (Irrigation Potential)									
Rptd. in 2006	455	650	1,931	1,450	2,642	623	1,229	1,854	1,556
Rptd. in 2005	450	579	1,696	1,286	2,395	606	1,330	1,642	1,417
% Change	1.1	12.3	13.9	12.5	10.3	2.8	-7.6	12.9	9.8
Grazing Land (Tillable)									
Rptd. in 2006	251	383	1,067	740	1,224	349	651	962	464
Rptd. in 2005	225	330	919	658	1,075	316	640	830	410
% Change	11.6	16.1	16.1	12.5	13.9	10.4	1.7	15.9	13.2
Grazing Land (Nontillable)									
Rptd. in 2006	215	304	800	588	907	298	497	688	352
Rptd. in 2005	191	269	706	543	784	273	482	629	316
% Change	12.6	13.0	13.3	8.3	15.7	9.2	3.1	9.4	11.4
Hayland									
Rptd. in 2006	430	481	871	679	1,071	449	633	760	598
Rptd. in 2005	383	438	780	600	928	416	600	669	537
% Change	12.3	9.8	11.7	13.2	15.4	7.9	5.5	13.6	11.4
Gravity Irrigated Cropland									
Rptd. in 2006	1,036	1,199	2,310	2,295	2,953	1,340	1,925	2,400	2,202
Rptd. in 2005	975	1,183	1,980	2,153	2,691	1,365	2,021	2,173	2,077
% Change	6.3	1.4	16.7	6.6	9.7	-1.8	-4.8	10.4	6.0
Center Pivot Irrigated Cropland[b]									
Rptd. in 2006	967	1,480	2,600	2,224	3,253	1,344	2,010	2,743	2,152
Rptd. in 2005	924	1,342	2,234	2,140	3,042	1,279	2,145	2,414	1,996
% Change	4.7	10.2	16.4	3.9	6.9	5.1	-6.3	13.6	7.8
All Land Average[c]									
Rptd. in 2006	349	425	1,775	1,200	2,496	571	1,215	1,811	1,013
Rptd. in 2005	325	379	1,537	1,110	2,268	542	1,268	1,609	924
% Change	7.4	12.1	15.5	8.1	10.1	5.4	-4.2	12.6	9.6

[a] SOURCE: 2005 and 2006 UNL Nebraska Farm Real Estate Market Developments Surveys.
[b] Value of pivot not included in per acre value.
[c] Weighted averages

Table 2. Reported Cash Rental Rates for Various Types of Nebraska Farmland by Agricultural Statistics District for 2006 and Comparison with Year Earlier Levels.[a] (Preliminary)

Type of Land and Year	Agricultural Statistics District							
	Northwest	North	Northeast	Central	East	Southwest	South	Southeast
	Dollars Per Acre							
Dryland Cropland								
2006	24	38	97	63	102	31	52	83
2005	23	37	92	62	97	32	56	79
% Change	4.3	2.7	5.4	1.6	5.2	-3.1	-7.1	5.1
Gravity Irrigated Cropland								
2006	97	105	133	135	144	102	130	137
2005	94	104	132	135	139	104	129	134
% Change	3.2	1.0	0.8	0.0	3.6	-1.9	0.8	2.2
Center Pivot Irrigated Cropland								
2006	102	120	147	139	157	120	139	152
2005	107	119	141	138	152	120	142	144
% Change	-4.7	0.8	4.3	0.7	3.3	0.0	-2.1	5.6
Dryland Alfalfa								
2006	b	b	89	54	87	b	b	b
2005	b	b	88	59	81	b	b	b
% Change			1.1	-8.5	7.4			
Irrigated Alfalfa								
2006	b	b	130	116	120	b	b	b
2005	b	b	130	119	111	b	b	b
% Change			0.0	-2.5	8.1			
Other Hayland								
2006	b	b	b	39	55	b	37	b
2005	b	b	b	41	b	b	36	b
% Change				-4.9			2.8	
Pasture								
2006	9	14	36	25	33	13	22	29
2005	8	13	36	24	31	12	23	28
% Change	12.5	7.7	0.0	4.2	6.5	8.3	-4.3	3.6
	Dollars Per Animal Unit Month[c]							
2006	24.00	29.60	29.70	28.90	28.00	26.70	25.60	26.00
2005	23.10	28.70	28.30	28.50	b	26.35	24.50	25.20
% Change	3.9	3.1	4.9	1.4		1.3	4.5	3.2

[a] SOURCE: Reporters' estimated average cash rental rates from the 2005 and 2006 UNL Nebraska Farm Real Estate Market Developments Surveys.
[b] Insufficient number of reports.
[c] Animal Unit Month (AUM) refers to sufficient forage capacity to sustain an animal unit (1,000 lb. cow with calf at side or equivalent) for one month during the normal range season.